

REMARKS

The amendments and remarks presented herein are believed to be fully responsive to the Office Action.

Claims 1-8, 10, 12, 14-16 and 21-22 are pending in the present application. Claims 13 and 17-20 have been canceled and claims 21-22 have been added. No new matter has been added. The independent claims recited by the present application are claims 1, 10, 14, 20 and 21.

CLAIM OBJECTIONS

The Office Action objects to claims 13, 17 and 18 under 37 CFR § 1.75(c), as being of improper dependent form. Applicant respectfully cancels claims 13, 17 and 18. Therefore, the objections thereof are moot.

The Office Action further objects to claims 19 and 20 because the “code” limitations in the claim are not sufficiently tied to the “computer-executable instructions.” Claims 19 and 20 have been canceled, without prejudice. Thus, the objections thereof are moot. Further, the newly added claims 21 and 22 do not recite the term “code” and each of the limitations is sufficiently tied to the subject matter recited in each preamble. Therefore, claims 21 and 22 are now in condition for allowance.

CLAIM REJECTIONS:

A. Claim Rejections under 35 U.S.C. § 112

The Office Action rejects claims 13, 17 and 18 under 35 U.S.C. § 112, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant

regards as the invention. As indicated above, claims 13, 17 and 18 have been canceled.

Therefore, the rejections thereof are moot.

B. Claim Rejections under 35 U.S.C. § 101

The Office Action rejects claims 1-8, 10, 12 and 16 under 35 U.S.C. §101 because the claimed invention is directed to non-statutory subject matter. The Office Action notes that a method/process claim must (1) be tied to another statutory class of invention or (2) transform underlying subject matter (such as an article or material) to a different state or thing. The Office Action states that claims 1-8, 10, 12 and 16 fail to meet one of the above-requirements because they are not tied to a second statutory class. The Office Action further rejects dependent claims 7-8, 12 and 16 under 35 U.S.C. §101 because they do not tie in a second statutory class of invention and because they inherit the deficiencies of the independent claims.

Applicants respectfully traverse these rejections. Nonetheless, Applicant respectfully amends claims 1 and 10 by adding limitations of displaying an advertisement of the second advertiser on said first unit display zone. As such, the present process claims meet the statutory subject matter requirement.

In finding method claims of the present application to be non-statutory subject matter, the Examiner relies on the Supreme Court precedents, including *Gottschalk v. Benson*, 409 U.S. 63, 93 S.Ct. 253 (1972) (hereinafter “Benson”) and *Parker v. Flook*, 437 U.S. 584 (1978) (hereinafter “Flook”). However, both Benson and Flook can not be applied to the present method claims because the present method claims are not directed to either method of calculation

or mathematical formula which the Supreme Court found it to be non-statutory subject matter in Benson and Flook.

The Federal Circuit also noted the following:

The board's analysis confuses What the computer does with How it is done. It is of course true that a modern digital computer manipulates data, usually in binary form, by performing mathematical operations, such as addition, subtraction, multiplication, division, or bit shifting, on the data. But this is only How the computer does what it does. Of importance is the significance of the data and their manipulation in the real world, i. e., What the computer is doing. It may represent the solution of the Pythagorean theorem, or a complex vector equation describing the behavior of a rocket in flight, in which case the computer is performing a mathematical algorithm and solving an equation. This is what was involved in Benson and Flook. On the other hand, it may be that the data and the manipulations performed thereon by the computer, when viewed on the human level, represent the contents of a page of the Milwaukee telephone directory, or the text of a court opinion retrieved by a computerized law service. Such information is utterly devoid of mathematical significance. *In re Bradley*, 600 F.2d 807, 812 (Cust. & Pat. App. 1979)

The Federal Circuit noted that a computerized method of manipulating text of a court opinion retrieved by a computerized law service would be patentable statutory subject matter because the method is not a method of calculation per se but manipulations performed by the computer or mathematical formula. Likewise, the computer-implemented method for controlling display of a keyword advertisement of the present application is not a method of calculation per se. Applicant notes that thousands of issued internet-related patents are not tied to another statutory class of invention such as a particular apparatus.

The Office Action rejects claims 13, 17 and 18 under 35 U.S.C. §101 because the claimed invention is not directed to a statutory subject matter. As indicated above, claims 13, 17 and 18 have been canceled. Therefore, the rejections thereof are moot.

C. Claim Rejections under 35 U.S.C. § 102

A claim is anticipated under 35 U.S.C. §102 only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference. Verdegaal Bros. v. Union Oil Company, 814 F.2d 628 (Fed. Cir. 1987). The identical invention must be shown in as complete detail as is contained in the claim of the invention. Richardson v. Suzuki Motor Company, 868 F.2d 1226, 1236 (Fed. Cir. 1989). With regard to “inherency,” the fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency or characteristic. In re Rijckaert, 9 F.3d 1531, 1534, 28 U.S.P.Q.2d 1955, 1957 (Fed. Cir. 1993). To establish inherency, the extrinsic evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference and that it would be recognized by persons of ordinary skill. Inherency, however, may be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient. In re Robertson, 169 F.3d 743, 745, 49 U.S.P.Q.2d 1949, 1950-51 (Fed. Cir. 1999). Also, a reference cannot anticipate a claim if there is any structural difference, even if the prior art device performs the function of the claim. In re Ruskin, 347 F.2d 843, 146 U.S.P.Q. 211 (CCPA 1965).

The Office Action states that claims 1-8, 10 and 12-20 are rejected under 35 U.S.C. § 102(e) as being anticipated by McElfresh et al., U.S. Patent No. U.S. 6,907,566 (hereinafter "McElfresh '566"). Applicants respectfully traverse these rejections.

Claim 1

The amended independent claim 1 recites the following limitations:

... (a) defining a plurality of advertisement locations for placement of advertisements in association with keywords, at least one of said advertisement locations including a plurality of unit display zones in association with a predetermined keyword;

(b) receiving at least one bid data corresponding to a first unit display zone from at least one advertiser, said first unit display zone being one of the plurality of unit display zones associated with said predetermined keyword;

(c) storing said bid data;

(d) determining whether a predetermined transfer condition for right to display an advertisement on said first unit display zone is satisfied, the right to display an advertisement in said first unit display zone being owned by a first advertiser;

(e) upon determining that the predetermined transfer condition is satisfied, retrieving at least a portion of said stored bid data;

(f) determining a winning bid, based at least in part on a bid amount, among said retrieved bid data for placement of an advertisement on said first unit display zone in association with search result list generated in response to a search query associated with said predetermined keyword;

(g) transferring said right to display an advertisement on said first unit display zone from said first advertiser to a second advertiser which has submitted said winning bid; and

(h) displaying an advertisement of the second advertiser on said first unit display zone.

By way of background and illustration, amended claim 1 describes a method of **automatic re-bidding process for a particular advertisement position on a web page** in association with a search keyword based on previously entered biddings for the particular advertisement position. A web page in association with a keyword defines a plurality of advertising areas (plurality of unit display zones). The method of the present invention receives a plurality of biddings for a particular advertising area (a first unit display zone) from multiple advertisers in association with a particular keyword and stores bid data for the received biddings. The automatic re-bidding process is initiated upon determining that a predetermined transfer condition for right to display an advertisement on the first unit display zone is satisfied. The present invention determines a winning bid, based at least in part on a bid amount, among the stored biddings for placement of an advertisement on the first unit display zone and displays an advertisement of the winning bidder on the first unit display zone.

Applicant submits that McElfresh '566 is not applicable. McElfresh '566 is directed to a method of placing a plurality of graphical objects (advertisements) on a page. **The server arranges the graphical objects relative to one another on the page according to performance data.** The performance data associated with the likelihood of the event occurring for each object is stored, where the performance data may be used, for example, to calculate the likelihood that a user will click on the object (click-through percentage). Thus, graphical objects can be arranged in descending order on a web page according to click-through percentage. For example, column 2, lines 39-53 and column 7, line 61 – column 8, line 8 of McElfresh '566 recites:

The present invention provides a method and system for placement of graphical objects on a page to optimize the occurrence of an event associated with such objects. The graphical objects might include, for instance, advertisements on a webpage, and the event would include a user clicking on that ad. The page includes positions for receipt of the object material. Data regarding the past performance of the objects is stored and updated as new data is received. A user requests a page from a server associated with system. The server uses the performance data to derive a prioritized arrangement of the objects on the page. The server performs a calculation regarding the likelihood that an event will occur for a given object, as displayed to a particular user. The objects are arranged according to this calculation and returned to the user on the requested page....

Referring again to FIGS. 3(a) and 3(b), the Rad Server 112 sends a request 134 for performance statistical data (or performance stats) to the Ad/Content performance database 140 and the requested performance stats 136 are returned to the Rad Server 112. A click-through-percentage 133 is calculated for each ad based upon the performance stats and the user information. The Rad Server 112 thereafter ranks the ads according to a desired arrangement method 135. While other equivalent methods are intended to be included within the scope of this invention, the methods discussed above include arranging the ads according to: click-through-percentage; or click-through-percentage times price-per-click for each ad. Topical tiles might also be arranged according to the click-through-rate for each topic, times the revenue-per-user.

McElfresh '566 also defines a plurality of advertising areas on a web page and rearranges a plurality of advertisements relative one another. However, the plurality of advertisements are not bided for a same particular advertisement location. An advertisement location is not derived by an advertiser but derived based on calculated performance data in McElfresh '566. Whereas, the present invention requires the advertisement location to be decided by advertisers. The system of McElfresh '566 can move an advertisement from one location to another depending on the performance data. In contrast, the system of the present invention cannot move an

advertisement from one location to another without an advertiser's request. Further, claim 1 of the present invention determines a winning bid among a plurality of biddings for the same advertisement location once a contract for the existing advertisement displayed on the same advertisement location is terminated. As such, McElfresh '566 does not anticipate the present invention. Therefore, claim 1 is now in condition for allowance.

Claims 2-8 and 15

The Examiner rejected claims 2-8 and 15 which depend from claim 1 as being anticipated by McElfresh '566. The above remarks are equally applicable for the dependent claims 2-8 and 15. As such, claims 2-8 and 15 are clearly allowable over the cited prior art.

Claim 10

The amended independent claim 10 recites the following limitations:

... (a) receiving a plurality of bids for a particular placement position of advertisement in association with a predetermined keyword, said each bid indicating a bid amount and an advertisement;

(b) storing said bids;

(c) determining whether a predetermined transfer condition for right to display an advertisement on said particular placement position is satisfied, which has been assigned to a first advertiser;

(d) upon determining that the predetermined transfer condition is satisfied, selecting, based at least in part on review of bid amounts, a bid of said stored bids for said particular placement position of advertisement in association with said predetermined keyword; and

(e) transferring said right to display an advertisement on said particular placement position in association with said predetermined keyword from said first advertiser to a second advertiser who has submitted said selected bid.

Claim 10 recites similar distinguishable limitations with claim 1. Thus, the above remarks for claim 1 are equally applicable for claim 10. As such, McElfresh '566 does not anticipate the present invention. Therefore, claim 10 is now in condition for allowance.

Claims 12 and 16

The Examiner rejected claims 12 and 16 which depend from claim 10 as being anticipated by McElfresh '566. The above remarks are equally applicable for the dependent claims 12 and 16. As such, claims 12 and 16 are clearly allowable over the cited prior art.

Claim 14

The amended independent claim 14 recites the following limitations:

means for defining a plurality of advertisement locations for placement of advertisements in association with a keyword, at least one of said advertisement locations including a plurality of unit display zones in association with a predetermined keyword;

a user interface configured for receiving at least one bidding corresponding to a first unit display zone associated with the predetermined keyword from at least one advertiser, each of the at least one bidding indicating a bid amount;

a memory, said memory storing bid data corresponding to the at least one bidding;

means for processing bid for said first unit display zone, said means for processing the bid determining a winning bid for said first unit display zone; and

means for transferring a right to display said first unit display zone to an advertiser who has submitted the winning bid,

wherein said means for processing the bid performs a re-bidding process among the stored bid data corresponding to the at least one bidding, based at least in part upon the bid amount upon determining that a predetermined transfer condition for the right to display said first unit display zone is satisfied.

By way of background and illustration, amended claim 14 describes a system of automatic re-bidding process for a particular advertisement position on a web page in association with a search keyword based on previously entered biddings for the particular advertisement position. A web page in association with a keyword defines a plurality of advertising areas (plurality of unit display zones). The system of the present invention receives a plurality of biddings for a particular advertising area (a first unit display zone) from multiple advertisers in association with a particular keyword and stores bid data for the received biddings. The automatic re-bidding process is initiated upon determining that a predetermined transfer condition for right to display an advertisement on the first unit display zone is satisfied. The present invention determines a winning bid, based at least in part on a bid amount, among the stored biddings for placement of an advertisement on the first unit display zone and displays an advertisement of the winning bidder on the first unit display zone.

In contrast, McElfresh '566 is directed to a method of placing a plurality of graphical objects (advertisements) on a page. The server arranges the graphical objects relative to one another on the page according to performance data. The performance data associated with the likelihood of the event occurring for each object is stored, where the performance data may be used, for example, to calculate the likelihood that a user will click on the object (click-through percentage). Thus, graphical objects can be arranged in descending order on a web page according to click-through percentage. McElfresh '566 also defines a plurality of advertising

areas on a web page and rearranges a plurality of advertisements relative one another. However, the plurality of advertisements are not bided for a same particular advertisement location. An advertisement location is not derived by an advertiser but derived based on calculated performance data in McElfresh '566. Whereas, the present invention requires the advertisement location to be decided by advertisers. The system of McElfresh '566 can move an advertisement from one location to another depending on the performance data. In contrast, the system of the present invention cannot move an advertisement from one location to another without an advertiser's request. Further, claim 1 of the present invention determines a winning bid among a plurality of biddings for the same advertisement location once a contract for the existing advertisement displayed on the same advertisement location is terminated. As such, McElfresh '566 does not anticipate the present invention. Therefore, claim 14 is now in condition for allowance.

Claims 21 and 22

The Examiner rejected Claim 19 and 20 which recites similar distinguishing limitations with claims 1 and 10, respectively. Since Applicant cancels those claims, however, the rejections thereof are moot. Further, Applicant adds claims 21 and 22. For the sake of argument, Applicant's arguments above should be applied to claims 21 and 22. As such, claims 21 and 22 are clearly allowable over the cited prior art.


If any issue regarding the allowability of any of the pending claims in the present application could be readily resolved, or if other action could be taken to further advance this

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Amendment A

application such as an Examiner's amendment, or if the Examiner should have any questions regarding the present amendment, it is respectfully requested that the Examiner please telephone Applicant's undersigned attorney in this regard.

Respectfully submitted,

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